WEEKLY HIGHLIGHTS
WEEK ENDING SEPTEMBER 10, 1993

INDUSTRY WEEKLY VOLUME

- This week's industry volume of 8.2 billion was +4.1% above the seasonal and holiday adjusted normal level and -7.9% less than forecast. Sales reflect only four days of shipments as warehouses were closed Monday for the Labor Day holiday. Volume was +2.8% higher than last year's volume which was still slightly depressed due to some continued liquidation of accumulated inventories resulting from 1992 July pricing actions and June trade programs. Last year's volume also represented a four day week.

PM WEEKLY VOLUME AND SHARE

- PM's volume this week of 3.3 billion units was -10.1% below the seasonal and holiday adjusted average rate and -14.6% below forecast. This week's volume was +18.1% higher than the same week last year which was depressed due to continued inventory reduction from a few key accounts and below normal orders in expectation of a third quarter trade program. Sales reflect the net impact of shipments advanced into this week prior to Monday's Labor Day holiday and wholesalers and retailers adjusting inventories to lower levels following the Price Reduction Program.
- Marlboro contributed 60% of volume for the week. This is the fifth consecutive week of Marlboro's contribution at or above 60% of total.
- Among the top 100 accounts, 71 purchased at or above 90% of their seasonal and holiday adjusted going rates, including eight of the top ten accounts. McLane and Core Mark purchases were significantly below their going rates (56% and 64% respectively).
- PM's share this week of 40.2 was down -2.3 points vs. week ago. Share was +5.2 points higher than last year due to 1992's below normal orders in anticipation of the upcoming trade promotion. Year-to-date, PM's share was 41.2 or -0.1 point less than prior year.
- PM's 25.9 share of the Discount category was down -1 points from the prior week, bringing Discount share for the latest four weeks to 25.2, vs. 31.4 for the previous four week period.

PHILIP MORRIS DEVELOPMENTS

- Marlboro Adventure Team fulfillment results for the week ending September 1 indicate:
  - A strong 167,000 mail receipts leading up to the August 31 deadline for MAT II. MAT II represented 81% of total receipts for the week.
  - Calls to the customer service line remain high, totaling 68,000 versus 73,00 in the prior week, also impacted by the August 31 deadline.
- Marlboro's share in Rapid Fact Scanning supermarkets for the week ending August 22 increased +0.5 points, to 23.6. On a cumulative basis, Marlboro was +2.8 points above its pre-MLP base.

COMPETITIVE DEVELOPMENTS

- According to IRI Rapid Fact Scanning supermarkets for the week ended August 22:
  - Winston's share increased +0.1 points to 8.2. On a cumulative basis Winston's share was 7.3, +0.7 points versus its pre-MLP base. Winston Select Lights gained another +0.2 share points in its fifth week at retail bringing its share to 0.6. Distribution has increased +9 points to 30% of stores with any sales, resulting in a 1.9 share per point of distribution.
  - The Deep Discount segment's weekly share decreased -0.1 points versus a week ago, to 12.3, with PM and RJR brands taking the declines. On a cumulative basis, the segment's share was 12.3, -0.8 points below its base.
  - Camel Special Lights' share has leveled off since its March introduction, remaining unchanged versus week ago at 0.4.

PRICING

- Within the 1050 store retail panel covering all trade classes as of August 30:
  - Marlboro's average **gross** carton price decreased -$0.21 to $15.99 in Supermarkets. 93% of stores have decreased price -$3.76 on average since the base period (August 2). **Net** Marlboro prices decreased -15¢ from the prior week to $15.99, bringing gross and net prices to parity. Winston's **net** carton price of $15.48 is -51¢ lower than Marlboro, as Winston promotional product remains in 33% of Supermarkets. Lowest Deep Discount prices increased 8¢ to $11.77, however, remain relatively unchanged since the base period due primarily to GPC buy-downs and RJR private label allowances. The **gross** Marlboro price gap decreased by -2.7 points to 35.9% while the **net** gap dropped -2.2 points to 35.9%, bringing the two to parity.
  - Marlboro's average **gross** pack price decreased -2¢ to $1.90. Since August 2, gross pack price has decreased -39¢, on average, in 93% of C-stores. **Net** Marlboro prices decreased -1¢ to $1.89, bringing them close to parity with **gross** Marlboro prices. Winston's **net** pack price is $1.86, -3¢ lower than Marlboro, as 25% of C-stores remain with promotional product. Lowest Deep Discount prices increased +2¢ to $1.32, up +7¢ since August 2. Retailers have passed through 78% of the list price increase of 9¢ per pack. The gap to **gross** Marlboro prices was down -3.8 points to 43.9% while the gap to **net** Marlboro decreased -3.0 points to 43.2%.
  - Other PM premium brands' gross prices fell in fewer stores than Marlboro but in more stores than competitive premium brands.
  - Doral has managed to maintain its price advantage over Cambridge through coupons. Doral coupons remain in more than twice as many Supermarkets and C-stores than Cambridge coupons resulting in a net carton price of $12.04, -47¢ lower than Cambridge, and a net pack price of $1.45, -5¢ lower than Cambridge.
  - Basic's same store gap with GPC continued to widen in both Supermarkets and C-stores due to GPC buydowns. In Supermarkets, GPC's net carton price is lower than Basic's in 50% of stores where both brands are in distribution by $1.55, on average, while in C-stores, GPC's net pack price is lower than Basic's in 37% of stores where both brands are in distribution by 22¢, on average.
  - Incidence of 99¢ or less pricing was -1 point lower at 10% for the week, as retailers continued to pass through the 8/93 Deep Discount list price increase for packs. RJR is at or below 99¢ in 64% of stores which have a Deep Discount brand ≤99¢ while PM is at or below 99¢ in 34% of stores which have a Deep Discount brand ≤99¢.

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